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The Washington Merry-Go-Round

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McCone Won't Sell Oil Stock

By Drew Pearson

Senators who questioned John McCone, new Central Intelligence Chief, last week seemed most concerned about his position as one of the biggest stockholders in Standard Oil of California. In the back of their minds was the influence this might have on McCone's CIA recommendations regarding Arabian oil, Israel, and one of the world's key trouble spots—the Near East.

Senators who listened to McCone's cool, quiet denials that his \$1,000,000 personal investment in Standard of California would influence his decisions, did not know that only one night before he had had dinner with Ted Peterson, long-time head of Standard of California.

Peterson had come to Washington for the express purpose of using his personal influence and charm on any Senators who might be opposed to McCone's confirmation, and conferred with McCone on the eve of the Senate hearing.

This in itself would indicate how important the oil company considers McCone's appointment to the key post of Central Intelligence. Chairman Dick Russell of Georgia also confirmed its importance

by declaring solemnly that McCone's job was "second only to the Presidency in its importance."

But Russell showed his annoyance when Senators wanted to question McCone by pointedly reading his personal mail during the critical questioning. Then he studied a cost of arms design and tried to interest Sen. Margaret Chase Smith in it.

The lady from Maine, however, was not to be deterred. She brought out that McCone owned \$1,000,000 worth of stock in Standard Oil of California, one of the four founders of the Arabian-American Oil Co.

"It is clear," she pressed, "that the Central Intelligence Agency must make some evaluations, recommendations and reports to the President regarding the Middle East. Do you see any possibility of conflict of interest on these matters as CIA director when you have such large holdings in these oil companies?"

"The amount of my holding in Standard Oil of California that you mentioned is approximately correct," McCone admitted. "It might be a little larger than the figure you mentioned. But quite aside, my opinion is that the holding of stock in an oil company or in several oil companies would have no effect whatever on my activities as director of Central Intelligence."

Sen. Russell had said that it would not be necessary for

McCone to sell his oil stock.

When Sen. Bartlett bought up the subject, Massachusetts blueblood Sen. Leverett Saltonstall fidgeted with little

"Mrs. Smith has already asked that one," Saltonstall whispered fussily. "She has already asked those questions."

Aramco's Record

But Bartlett considerably poured McCone another glass of water and went on with his questioning.

"Do you know," he inquired softly, "if Standard of California is a member of the Arabian-American Oil Co.?"

"Yes, it is," acknowledged the CIA nominee.

"And, of course, all of us have heard that this company, operating in the Middle East, has at various times intervened or participated or interfered in the operations of governments in those areas," observed Bartlett. "Would you have any comment to make upon that?"

"In my trips to the Middle East," McCone replied coolly, "I have observed that the Aramco people handled their relationship with the governments of Arabia and Bahrain Island in a very satisfactory way, and so reported to me. I don't know of any interference."

The Senators, perhaps in deference to Russell's scowls and Saltonstall's fidgeting, did not press McCone further. But in the files of the Senate investigating committee and the

State Department is an amazing record of oil company intervention on the side of the United States. It includes:

1. An advance of \$200,000,000 in oil royalties to King Saud to finance the 1956 arms buildup against Israel.

2. A Senate report that the \$4,000,000 United States base in Saudi Arabia was built without congressional authorization in order to help out the Arabian-American Oil Co. in its relations with King Saud.

3. A Senate investigating committee report that Aramco overcharged the United States Navy \$87,000,000 on wartime oil in order to help Saudi Arabia.

This report, signed by the late Senator Brewster of Maine, states: "To induce the grant of aid to the Saudi Arabian government, the Arabian-American Oil Co. offered to sell to the United States at prices based on fuel oil at 40 cents a barrel.

"When the United States needed oil because of its war demands, notwithstanding these prior proposals, the companies offered the Navy fuel oil at \$1.05 a barrel on a take-it-or-leave-it basis. The Navy was forced to buy the oil on these terms.

"The oil companies," concludes the Senate report, "exploited the Government by exacting high prices, despite the assistance granted Saudi Arabia at the companies' request to protect and preserve the companies' concessions."

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